



World Bank

1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234

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Contact: Hugh Blackman
(202) 477-3879

PAKISTAN TO IMPROVE IRRIGATION AND AGRICULTURAL PRODUCTION IN BALUCHISTAN WITH \$14 MILLION IDA CREDIT

Farm production and incomes in Baluchistan, the least developed province of Pakistan, will increase under a project to be assisted with a credit of SDR 12.5 million (\$14 million), the International Development Association (IDA) announced today. The IDA credit is the first to be approved specifically for Baluchistan Province.

The World Bank's affiliate for concessionary lending is supporting a project which should more than double the incomes of some 12,000 farmers and benefit an additional 2,500 farmers. An increase in foodgrain production of 3,400 metric tons a year is expected.

Agriculture is the mainstay of Baluchistan's economy, accounting for almost 60% of its gross domestic product and 65% of the predominantly rural labor force. Limited and unreliable water supplies in a largely arid region represent a major obstacle to the province's future development.

To increase the supply and reliability of water, the project will construct or rehabilitate 28 minor irrigation schemes covering about 3,800 hectares. Improvements to the area will include improved layout of water distribution systems, lining of principal conveyance channels, construction of control structures, land shaping and leveling, and revised field layout.

Further study of the area's water problems and potential for further development will be carried out in three pilot schemes to generate information and experience on coordinated use of ground and flood water supplies, groundwater recharge, and technology of water spreading for increased rangeland and fodder production.

Since the project will be the first phase of a longer term development program, it will emphasize provincial institutional development, including addition and strengthening of field level staff in the Departments of Irrigation and Agriculture. The project will provide training of provincial staff and technical assistance in hydrology, irrigation, design engineering, agronomy and water management, and economics.

Co-financing of \$13 million is expected from the Federal Republic of Germany and \$2.1 million from the Kingdom of the Netherlands. The IDA credit is for 50 years, including 10 years of grace; it carries no interest, but bears a small annual service charge of 0.5% on the undisbursed balance of the credit, and 0.75% on the disbursed balances.

NOTE: IDA credits are denominated in SDRs (Special Drawing Rights), which are valued on the basis of a "basket" of currencies. The U.S. dollar equivalent of the SDR amount of the IDA credit reflects the exchange rates existing at the time of negotiation of the credit.